

of loans with predatory terms without a restriction in access to or increase in the cost of loans to borrowers with blemished credit.

The analysis indicates an overall reduction of about 5,300 subprime loans pre- and post-implementation. Although we cannot estimate at the moment the precise degree of overlap, the analysis also indicates that this decline is largely due to a decrease in the number of loans with abusive characteristics. These include about 2,800 fewer loans with prepayment penalty terms of three years or more, about 1,600 fewer loans with balloon payments, and about 650 fewer loans with combined loan-to-value ratios over 110 percent. From this perspective, the observed decline cannot be considered undesirable or unanticipated by policymakers.

In closing, the findings from our initial study are strongly suggestive that the North Carolina Predatory Anti-Lending Law is doing what it is supposed to do. However, these findings cannot be considered definitive. In our future research, within a multivariate framework, we will incorporate confounding variables in the analysis (e.g., economic influences) to isolate the impacts of the North Carolina law on subprime lending activities.